FORCIT GROUP

FORCIT Group

Annual Report 2023

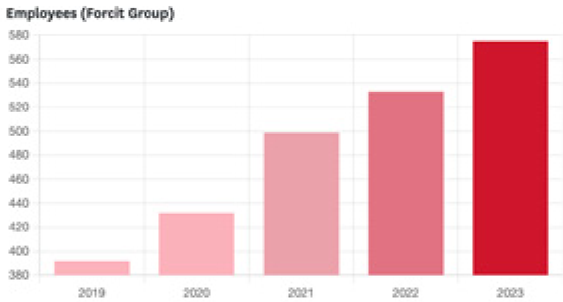
CEO'S GREETING

In March 2023 the EU commission proposed a set of actions in the form of a European Critical Raw Materials Act (CRMA) to ensure the EU's access to a secure, diversified, affordable and sustainable supply of critical raw materials.

At FORCIT we feel pride of being an important cog in the large wheel of an industry that is and will be in an absolute key position for a resilient, clean and green Europe.

GROUP FINANCIALS AND ACTIVITIES

The financial development of the company in 2023 was broadly in line with the previous year. The overall European economic development and the challenging construction market in our core geographical areas of operation resulted in a demanding business environment.



BUSINESS UNIT DEVELOPMENT

FORCIT Explosives' revenue declined during 2023 largely due to the partial normalisation of raw material prices after the high peak in 2022.

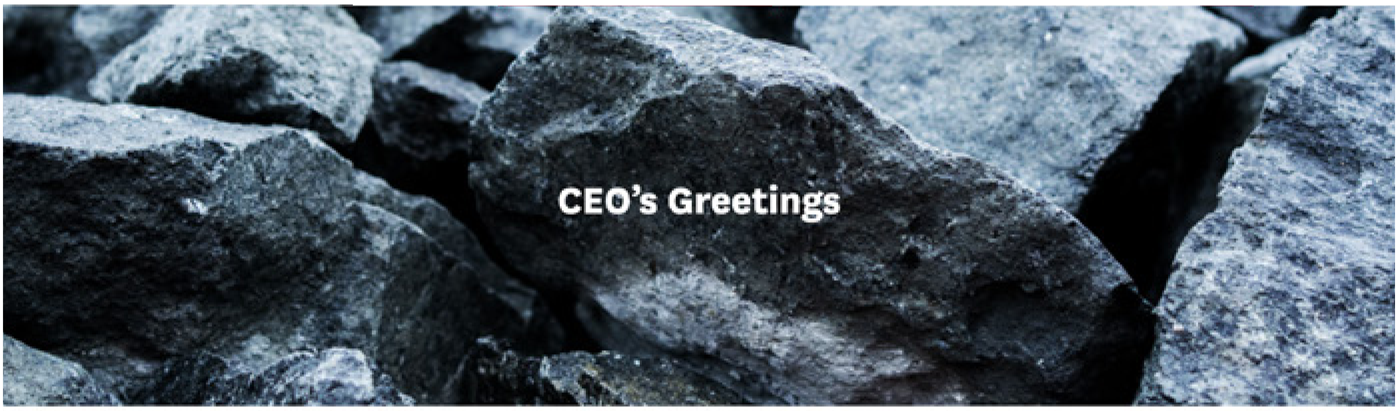
The revenue and order book within **FORCIT Defence** continued to grow strongly compared to the previous year.

FORCIT Consulting's revenues declined in 2023 due to worsening market conditions.

FORECASTS AND PREDICTIONS

In summary, the company expects an increase in sales in 2024 compared to 2023, driven by an increased demand in Defence products. The company expects the growth to be profitable.

FORCIT GROUP



CEO's Greetings

JOAKIM WESTERLUND,
CHIEF EXECUTIVE OFFICER,
FORCIT GROUP

CEO'S GREETINGS

The environment in which we live and operate is experiencing unprecedented change.

Climate change has been described as an existential threat, not only by climate scientists, but also by major world leaders. The phrase can refer to a literal threat to humanity's existence, but also to the danger that unchecked climate change can pose to our ways of life and place in the world.

The geopolitical landscape has intensified significantly over the past years, fuelled by Russia's war of aggression and, e.g. the conflict in Gaza and rising tensions in East and Southeast Asia.

At FORCIT we see the megatrends also obviously affecting us, but we also believe we have a crucial role in countering the negative effects of these trends.

In March 2023 the EU commission proposed a set of actions in the form of a European **Critical Raw Materials Act (CRMA) to ensure the EU's access to a secure, diversified, affordable and sustainable supply of critical raw materials.** The related list of 34 critical raw materials, of which 17 strategic, are of critical importance for our society and for the green transition to stop climate change. On the list are e.g. minerals and metals required for the manufacturing of electrical vehicle batteries, wind turbines, solar panels and digital technology. The critical raw materials are not only necessary for our society to work and as enablers for the green transition, but the demand for these materials is expected to increase exponentially in the coming years. Many of these materials, and most of the volume, is, furthermore, currently extracted and processed outside of EU, implying very clear risks of delivery disturbances and making the EU vulnerable to political or economic extortion. The CRMA has the goal of increasing and diversifying the EU's critical raw materials supply, strengthening circularity as well as supporting research and innovation on resource efficiency and the development of substitutes. Among the quantitative targets is that at least 10 percent of the EU's annual consumption in 2030 should come from EU extraction compared to the current level of below 3. Reaching these targets is putting a lot of pressure on the mining industry, but foremost on the legislators to enable the change that is needed to reach these ambitious and important targets.

The Nordic countries are mining nations and pioneers in sustainability. The Nordic mining industry and the broader mining cluster is considered among, if not the most sustainable in the world, thanks to efficient and innovative production methods, lower emissions than the industry on average and a good working environment. At FORCIT we feel pride of being an important cog in the large wheel of an industry that is and will be in an absolute key position for a resilient, clean and green Europe.

As we passed the sad mark of two years since Russia launched the full-scale invasion of Ukraine, the European Defence industry is under pressure to support the re-building of a European credible defence and deterrence. After decades of under-investment, fragmentation, lack of supply of critical raw materials, and a lack of manufacturing capability this is a tremendous undertaking. In an environment of rising geopolitics and warnings of direct military threats to Europe we at FORCIT have taken our role seriously in building up new capabilities and capacity for the defence of Europe and the values it represents.

2023 was a year when FORCIT celebrated its 130 years of history. It was also a year when our role in society was increasingly clear to be more relevant than it has probably ever been before.

FORCIT GROUP

Group Financials and Activities

GENERAL

FORCIT Group operates three business units: FORCIT Explosives operates the civil explosives business, as well as software related to drill and blast; FORCIT Defence is oriented towards the armed forces and manufacturers of defence materials; and FORCIT Consulting provides measurement, monitoring, consulting and training services. FORCIT's goal is to further develop its position as the Nordic market leader and preferred supplier of services, products and knowledge related to explosives, charging, and monitoring of environmental effects.

Within the Defence area, the goal is to be a preferred technology partner and leading system supplier in the world market for insensitive munitions.

FORCIT's quality system is certified according to the ISO 9001 standard, and its environmental system according to the ISO 14001 standard. The Defence business is certified to NATO's AQAP 2110 quality norms. Apart from the ISO and AQAP standards, the Defence business has also been accredited in compliance with the Finnish National Security Auditing Criteria (KATAKRI).

FINANCIAL OVERVIEW

The financial development of the company in 2023 was broadly in line with the previous year. The overall European economic development and the challenging construction market in our core geographical areas of operation resulted in a demanding business environment.

The partial normalisation of key raw material prices after the high peak in 2022, combined with the devaluation of the Swedish and Norwegian currencies versus the euro, implied a decrease in the company's reported turnover.

The key figures below describe the development during the recent financial years. Group level operating profit was stable in 2023 compared with 2022.

THE GROUP	2023	2022	2021
Net Sales, million Euro	214.3	228.3	150.5
Operating profit, million Euro	26.6	26.9	8.6
Operating profit as % of net sales	12.4	11.8	5.7
Return on equity (%)	30.5	41.3	14.2
Solidity %	55.1	48.0	44.1
Average number of employees	553	533	499
Salaries & renumeration, million Euro	34.2	32.5	29.1

THE PARENT COMPANY	2023	2022	2021
Net Sales, million Euro	109.8	112.7	72.0
Operating profit, million Euro	13.6	13.6	3.3
Operating profit as % of net sales	12.3	12.1	4.6
Return on equity (%)	25.5	26.7	14.9
Solidity %	49.3	49.2	48.8
Average number of employees	288	265	250
Salaries & renumeration, million Euro	18.6	16.4	15.3

FORCIT GROUP

SUSTAINABILITY

Environment

During 2023, the company progressed on its plan to reach CO2 neutrality in its operations by 2035 and carried out a large number of investments and improvements in line with this goal. Furthermore, the company took into use a new dedicated software to collect, analyse and report environmental and sustainability data. R&D work connected to sustainability focused on the recycling of emulsion components, evaluating greener raw materials, and the further development of a nitrogen-free product range with high focus on securing the occupational safety aspects of a new explosives product.

Safety and security

Safety is always FORCIT´s key priority. In 2023, the company continued to strengthen its safety culture, and the accident frequency (LTIF) decreased by 5% in comparison to the previous year. The 2023 LTIF was 3.1. Moreover, the company continued developing its security policies and procedures, both related to cyber and physical security.

PERSONNEL

FORCIT Group's personnel continued to increase along with growing operations. At the end of 2023, FORCIT had 590 employees. The sick absence rate remained on a low level and was 3.2% in 2023.

During the year, a personnel survey was conducted throughout the Group to measure personnel engagement and satisfaction. The results remained high and showed that the personnel's engagement continues to be at a very good level with eNPS index at 40.

ADMINISTRATION

At Oy Forcit Ab's Annual General Meeting on April 4, 2023 Edoardo Santamaria was elected as a new board member and the re-elected board members were Hans Karlander, Jarmo Lindberg, Lauri Stadigh, Alexander Tallberg, and Pasi Tolppanen. Jarmo Lindberg resigned from his position as board member on April 6, 2023. Lauri Stadigh has continued as the chairperson of the board and Joakim Westerlund has continued as FORCIT Group's CEO. The company's auditors have been KPMG Oy Ab, with Christian Hällström as the auditor in charge, CGR.

THE BOARD OF DIRECTORS' PROPOSAL FOR THE ALLOCATION OF PROFITS

If the annual accounts are accepted, Oy Forcit Ab's general meeting has at its disposal

Disposition fund	37,587,879.15 EUR
Reserve for invested unrestricted equity	1,500,630.00 EUR
Profit for the financial period	23,069,267.47 EUR
Total	62,157,776.62 EUR

The board of directors proposes that the funds be allocated as follows:

PAID OUT TO THE SHAREHOLDERS AS A DIVIDEND:	
35 euro/share	7,047,600.00 EUR
Disposition fund	53,609,546.62 EUR
Reserve for invested unrestricted equity	1,500,630.00 EUR
Total	62,157,776.62 EUR

No significant changes have occurred in the company's financial position after the end of the financial year. The company's liquidity is good, and the proposed allocation of profit does not compromise the company's solvency.

SHARES IN THE COMPANY

The company has only one series of shares. Each share carries one vote at shareholder meetings and confers identical dividend rights.

NUMBER OF SHARES	2023	2022
	201,360	201,360

The company still has a valid authorization to issue new shares.

LOANS TO RELATED PARTIES

The company has granted loans to group companies. The total amount of the loans are 318,039.60 euros and the loan period is a maximum 5 years. The loans are repaid in even instalments and the interest is paid in conjunction with the loan instalment. The interest on the loans is mainly linked to fixed interest or calculated interest. The loans do not have collateral.

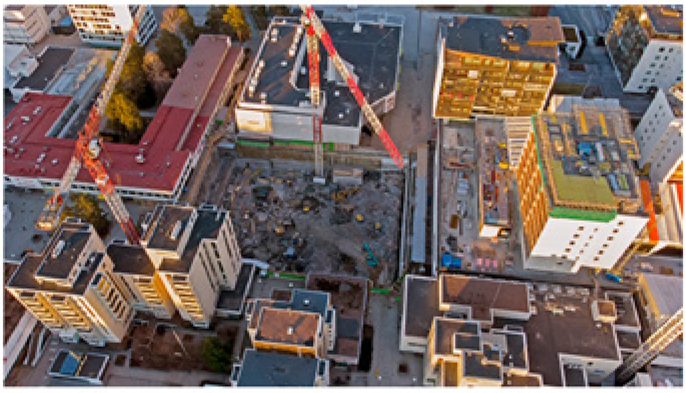
EXPLOSIVES

FORCIT Explosives' revenues declined during 2023 largely due to the partial normalisation of raw material prices after the high peak in 2022. End customer prices were adjusted downwards with decreasing raw material costs. Revenues in euro also decreased due to the significant devaluation of the Norwegian and Swedish currencies versus the euro.

Despite the overall challenging economic environment, the production volumes remained on the previous years' level and a few new sites to serve customers in Sweden and Norway were opened during the year. The company continued a high investment pace to support future growth and to maintain the high technical standard of its bulk fleet and other technologies.

DEFENCE

The revenue and order book within FORCIT Defence continued to grow strongly compared to the previous year. During 2023, focus areas included increasing production capacity and ensuring the availability of key raw materials.



CONSULTING

FORCIT Consulting's revenues declined in 2023 due to worsening market conditions. The profitability, however, increased as a result of a targeted operational excellence program. The Consulting business area established new offices in Molde-Trondheim in Norway and in Lappeenranta in Finland. The acoustic modelling business continued to grow despite the overall worsening market conditions.

RESEARCH AND DEVELOPMENT

The development of nitrogen-free explosive products, and a new green product line continued at the FORCIT Explosives business unit. Furthermore, the development of a new wireless ignition system continued, as well as the development of the O-Pitblast platform.

In FORCIT Defence, R&D work focused on the continued development of underwater systems and of the FORCIT Sentry Area Denial System. The first serial deliveries of the Sentry system took place in 2023.

In FORCIT Consulting, development work related to the platform for handling, monitoring and utilising measurement data continued.

INVESTMENTS

The Group's total investments during the financial period, including M&A, amounted to EUR 28.1 million (EUR 11.6 million), and if lease financing is included, they reached EUR 29.0 million (EUR 12.3 million). The parent company's investments in its own operations totalled EUR 19.3 million (EUR 5.9 million). The Groups' total investments including leasing financed investments was 13.5% of the annual revenue.

The most important investments were in expanding capacity in the Defence business, as well as increasing the service network within FORCIT Explosives. Significant investments were also made in the digitalisation of the charging and delivery processes. In FORCIT Consulting investments were mainly made in equipment and software for vibration and noise measurements.

Forecasts and Predictions

RISKS AND UNCERTAINTIES

The dull global and European economic outlook is expected to continue having an impact, especially on the contractor segment in our Explosives business and on our Consulting business. 2024 forecasts related to construction activity in all Nordic countries have become more negative during the last year.

With the current significant portion of operations taking place in Sweden and Norway, there is a currency risk due to the fluctuations in the exchange rate between SEK and EUR and between NOK and EUR. The company has continued efforts to protect itself against currency risks in the contracts and agreements it has entered.

The war in Ukraine and related geopolitical tensions have increased risks related to cyber and hybrid threats. Consequently, the company has continued making significant investments and increased focus on cyber and physical security.

PROSPECTS FOR 2024

The outlook for infrastructure construction continues to be cautious, driven by the overall economic outlook. The expectations in the mining segment are neutral versus 2023. Main concerns for 2024 are related to the general European and Nordic economic outlook. Competition in the civil explosives market continues to be stiff. However, by sustaining its good level of competitiveness, and with continued focus on development and efficiency, the company expects FORCIT Explosives to be able to continue profitable operations in its main markets.

FORCIT Defence order book continued to increase during 2023, and with the investments made into increased production capacity the company is confident in its ability to continue growing its Defence business in 2024.

FORCIT Consulting has a strong market position and is well-positioned for further growth through geographical expansion and development of its service offering despite the negative market outlook.

In summary, the company expects an increase in sales in 2024 compared to 2023, driven by an increased demand in defence products. The company expects the growth to be profitable.

FORCIT GROUP

CONSOLIDATED PROFIT AND LOSS STATEMENT

1000 €	2023	2022
NET SALES	**214 340**	**228 342**
Change in inventory of finished goods	-2 596	2 231
Work performed for own use	19	19
Other operating income	2 583	701
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	-109 524	-125 889
Change in stocks	6 950	7 864
Total raw materials and services	**-102 575**	**-118 025**
Personnel expenses		
Wages and salaries	-34 219	-32 472
Social security expenses		
Pension expenses	-4 791	-4 775
Other social security expenses	-3 589	-5 295
Total personnel expenses	**-42 599**	**-42 542**
Depreciation, amortisation and writedowns		
Depreciation according to plan	-8 424	-8 811
Other operating expenses	-34 131	-35 009
OPERATING PROFIT	**26 617**	**26 905**

1000 €	2023	2022
Financial income and expenses		
Other interest income and other financial income	710	70
Interest and other financial expenses	-933	-752
Total financial income and expenses	**-223**	**-682**
PROFIT BEFORE TAXES	**26 394**	**26 223**
Change in deferred tax liability	-48	13
Income taxes	-5 667	-4 707
Minority interest	-145	0
PROFIT FOR THE FINANCIAL YEAR	**20 534**	**21 529**

CONSOLIDATED BALANCE SHEET

Assets

Non-current assets

1000 €	2023	2022
Intangible assets		
Intangible rights	3 347	4 025
Group goodwill	3 392	6 474
Total intangible assets	**6 738**	**10 499**
Tangible assets		
Land and water	1 770	1 769
Buildings and constructions	23 243	19 677
Machinery and equipment	18 240	16 016
Other tangible assets	270	167
Advance payments and construction in progress	25 668	10 317
Total tangible assets	**69 190**	**47 946**
Investments		
Shares	290	290
Associated companies	35	20
Other investments	276	235
Total investments	**602**	**546**
TOTAL NON-CURRENT ASSETS	**76 530**	**58 991**

Current assets

1000 €	2023	2022
Stocks		
Raw materials and consumables	18 278	11 829
Finished products	2 054	4 705
Other stocks	9 957	9 701
Advances paid	12 542	171
Total stocks	**42 831**	**26 407**
Receivables		
Trade receivables	35 568	34 677
Loans receivable	43	51
Other receivables	4 340	976
Accrued income and prepayments	6 009	547
Total receivables	**45 960**	**36 252**
Financial securities		
Cash in hand and cash at banks	31 792	5 059
TOTAL CURRENT ASSETS	**120 584**	**67 717**
TOTAL ASSETS	**197 114**	**126 708**

Equity and liabilities

Equity

1000 €	2023	2022
Share capital	3 149	3 149
Reserve for invested unrestricted equity	1 501	1 501
Disposition fund	50 236	34 060
Result for the reporting period	20 534	21 529
TOTAL EQUITY	75 419	60 238
MINORITY INTEREST	**1 254**	**0**

Liabilities

1000 €	2023	2022
Non-current liabilities		
Deferred tax liability	3 338	3 289
Loans from credit institutions	14 917	16 712
Other long-term liabilities	2 242	2 050
Total non-current liabilities	**17 159**	**22 051**
Current liabilities		
Loans from credit institutions	4 611	5 051
Advances received	57 839	1 134
Trade payables	21 300	22 004
Other payables	3 479	4 371
Accrued expenses	12 716	11 859
Total current liabilities	**99 945**	**44 419**
TOTAL LIABILITIES	**120 441**	**66 470**
TOTAL EQUITY AND LIABILITIES	**197 114**	**126 708**

CONSOLIDATED STATEMENT OF CASH FLOWS

1000 €	2023	2022
Cash flow from operating activities		
Operating profit	26 617	26 905
Adjustments to operating profit	7 742	8 806
Changes in working capital	27 147	-17 000
Interest paid	-980	-752
Interest received	681	65
Dividends received	0	5
Income taxes paid	-5 515	-2 382
Net cash generated from operating activities	**55 692**	**15 648**
Cash flow from investing activities		
Investments in tangible and intangible assets	-25 068	-12 063
Proceeds from sale of tangible and intangible assets	272	82
Proceeds from the sale of subsidiary shares	2 897	0
Acquisition of subsidiaries minus the company’s cash at the time of acquisition	0	-226
Other investments	0	14

1000 €	2023	2022
Net cash used in investing activities	**-21 899**	**-12 194**
Cash flow from financing activities		
Proceeds from short-term borrowings	0	304
Repayments of short-term borrowings	-800	-16
Proceeds from long-term borrowings	1 044	2 000
Repayment of long-term borrowings	-2 270	-3 379
Dividends paid and repayment of unrestricted equity	-5 034	-3 423
Net cash used in financing activities	**-7 059**	**-4 514**
CHANGE IN CASH AND CASH EQUIVALENTS	**26 733**	**-1 060**
Cash and cash equivalents at the beginning of the period	**5 059**	**6 119**
Change during the period	26 733	-1 060
Cash and cash equivalents at the end of the period	**31 792**	**5 059**

PARENT COMPANY'S PROFIT AND LOSS ACCOUNT

1000 €	2023	2022
NET SALES	**109 841**	**112 676**
Change in inventory of finished goods	-2 728	704
Work performed for own use	19	19
Other operating income	4 095	3 223
Raw materials and services		
Raw materials and consumables		
Purchases during the financial year	-56 887	-64 776
Change in stocks	6 566	6 074
Total raw materials and services	**-50 321**	**-58 701**
Personnel expenses		
Wages and salaries	-18 568	-16 423
Social security expenses		
Pension expenses	-3 379	-3 302
Other social security expenses	-809	-741
Total personnel expenses	**-22 755**	**-20 466**
Depreciation, amortisation and writedowns		
Depreciation according to plan	-3 471	-3 344
Other operating expenses	-21 129	-20 524

1000 €	2023	2022
OPERATING PROFIT	**13 551**	**13 586**
Financial income and expenses		
Other interest income and other financial income		
Group company	7 122	2 979
Others	373	21
Total financial income	**7 495**	**3 000**
Other interest income and other financial expenses		
Group company	-137	-27
Others	-812	-765
Total financial expenses	**-950**	**-792**
PROFIT BEFORE APPROPRIATIONS AND TAXES	**20 096**	**15 794**
Appropriations		
Change in accumulated depreciation difference	-83	-308
Group contribution	7 110	1 394
Total appropriations	**7 027**	**1 086**
Income taxes	-4 054	-2 834
PROFIT FOR THE FINANCIAL YEAR	**23 069**	**14 046**

PARENT COMPANY'S BALANCE SHEET

Assets

Non-current assets

1000 €	2023	2022
Intangible assets		
Intangible rights	3 217	3 879
Total intangible assets	**3 217**	**3 879**
Tangible assets		
Land and water	1 393	1 393
Buildings and constructions	15 145	13 013
Machinery and equipment	6 391	6 359
Other tangible assets	151	34
Advance payments and construction in progress	20 966	6 715
Total tangible assets	**44 046**	**27 513**
Investments		
Holdings in group companies	24 780	24 940
Loans owed by group companies	243	243
Other loans receivable	72	77
Shares	287	287
Total investments	**25 381**	**25 547**
TOTAL NON-CURRENT ASSETS	**72 644**	**56 939**

Current assets

1000 €	2023	2022
Stocks		
Raw materials and consumables	16 973	10 197
Finished products	421	3 149
Other stocks	3 795	4 005
Advances paid	12 541	171
Total stocks	**33 731**	**17 523**
Receivables		
Trade receivables	10 150	16 595
Amounts owed by group companies	22 456	14 980
Loans receivable	44	50
Other receivables	4 436	105
Accrued income and prepayments	285	88
Total receivables	**37 370**	**31 819**
Financial securities		
Cash in hand and cash at banks	30 751	4 584
TOTAL CURRENT ASSETS	**101 852**	**53 925**
TOTAL ASSETS	**174 496**	**110 864**

Equity and liabilities

Equity

1000 €	2023	2022
Share capital	3 149	3 149
Reserve for invested unrestricted equity	1 501	1 501
Disposition fund	37 588	28 576
Result for the reporting period	23 069	14 046
TOTAL EQUITY	**65 307**	**47 271**
Accumulated depreciation difference	**8 432**	**8 349**

Liabilities

1000 €	2023	2022
Non-current liabilities		
Loans from credit institutions	14 650	16 426
Other long-term liabilities	2 242	2 050
Total non-current liabilities	**16 892**	**18 476**
Current liabilities		
Loans from credit institutions	4 607	5 067
Advances received	28 348	1 133
Trade payables	11 501	10 281
Amounts owed to group undertakings	31 947	12 363
Other payables	1 124	1 916
Accrued expenses	6 339	6 008
Total current liabilities	**83 866**	**36 767**
TOTAL LIABILITIES	**100 758**	**55 244**
TOTAL EQUITY AND LIABILITIES	**174 496**	**110 864**

PARENT COMPANY'S STATEMENT OF CASH FLOWS

1000 €	2023	2022
Cash flow from operating activities		
Operating profit	13 551	13 586
Adjustments to operating profit	2 787	3 226
Changes in working capital	10 597	-14 828
Interest paid	-961	-674
Interest received	576	88
Dividends received	24	4
Other financial items	-3	0
Income taxes paid	-4 558	-1 088
Net cash generated from operating activities	**22 013**	**315**
Cash flow from investing activities		
Investments in tangible and intangible assets	-17 458	-5 781
Sale of shares in subsidiaries	2 961	0
Investments in subsidiaries	0	-271
Change in loan receivables	5	-18
Net cash used in investing activities	**-14 492**	**-6 070**

1000 €	2023	2022
Cash flow from financing activities		
Proceeds from short-term borrowings	**0**	**304**
Repayments of short-term borrowings	-819	0
Proceeds from long-term borrowings	1 044	2 000
Repayment of long-term borrowings	-2 270	-3 379
Dividends paid	-5 034	-3 423
Subsidiary group account*)	17 435	4 685
Dividens from group undertakings	6 895	2 908
Received group contribution paid	1 394	1 745
Net cash used in financing activities	**18 645**	**4 839**
CHANGE IN CASH AND CASH EQUIVALENTS	**26 167**	**-916**
Cash and cash equivalents at the beginning of the period	**4 584**	**5 500**
Change during the period	26 167	-916
Cash and cash equivalents at the end of the period	**30 751**	**4 584**

*)Subsidiaries' group account moved to financing cash flow, also adjusted in 2022

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

1.1. VALUATION PRINCIPLES

Fixed assets are stated at historical cost less accumulated straight-line depreciation. Current assets are stated at historical cost or at lower fair value. Foreign currency items are translated using the exchange rate at the balance sheet date. The consolidated financial statements are presented in equal euros (EUR).

Forcit Defence International Ab's operations include projects whose manufacturing time is long. The company applies the principles of partial revenue recognition in its project operations where the project's manufacturing time spans several accounting periods and where the project's amounts are significant with regards to turnover. The income is recognized in the profit and loss account according to the progress of the projects (percentage of completion). The long-term project's recognition is determined on the basis of manufactured goods in relation to the total quantity of ordered goods for the project. The costs for the projects are based on the project accounting where each project has its own project cost calculation. The costs for the projects include variable expenses for procurement and manufacturing. The partial revenue recognition reflects the significant growth in the project business during the financial year and improves the comparability between financial years.

1.2. DEPRECIATION AND AMORTISATION

Depreciation is calculated from the historical cost, and is calculated on a straight-line basis over the estimated economic life on the asset. The basis of calculation are:

Buildings and constructions	20-50
Machinery and equipment	5-10
Other tangible assets	10-20
Immaterial rights	5-10
Other long-term expense items	10
Consolidated goodwill	5-10

1.3. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the parent company Oy Forcit Ab and the subsidiary companies Forcit Sweden AB, Forcit Norway AS, Forcit International Oy Ab, Forcit Defence International Oy Ab, Forcit Consulting Oy, Forcit Consulting AB, Forcit Consulting AS, O-Piblast S.A. and Forcit Ireland Ltd. The consolidated financial statements also include the associated company Vipnordic AB. Vipnordic AB's financial statements are prepared per 31.08.2022. The consolidated financial statement is prepared according to the acquisition method. All intercompany transactions, balances, gains and losses are eliminated as part of the consolidation process. Forcit Defence International Oy Ab is part of the group as of 11.5.2023. During the financial year, 45% of the subsidiary O-Pitblast S.A. was sold and the ownership share of Vipnordic AB rose to 50%.

2. PROFIT AND LOSS ACCOUNT

2.1. NET SALES PER BUSINESS SECTOR

Consolidated	**2023**	**2022**
Explosives	194 037	211 010
Consulting	15 148	17 332
Revenue recognition	5 155	0
Total	**214 340**	**228 342**

Parent Company	**2023**	**2022**
Explosives	107 395	112 676
Revenue recognition	2 447	0
Total	**109 841**	**112 676**

2.2. SALARIES FOR THE REPORTING PERIOD AND THE AVERAGE NUMBER OF PERSONNEL

Consolidated	2023	2022
Boards of Directors and CEO´s	1 623	1 631
Other personnel	32 596	30 841
Total	**34 219**	**32 472**

Parent Company	2023	2022
Boards of Directors and CEO´s	817	644
Other personnel	17 751	15 778
Total	**18 568**	**16 423**

During the financial period the average number of personnel	2023	2022
Consolidated	553	533
Parent Company	288	265

2.3. OTHER OPERATING INCOME

Consolidated	2023	2022
Income from rents	160	166
Return	0	8
Other items	2 422	527
Total	**2 583**	**701**

Parent Company	2023	2022
Intra-group transactions	2 905	2 886
Income from rents	160	166
Return	0	8
Other items	1 029	164
Total	**4 095**	**3 223**

2.4. AUDIT FEES

Consolidated	2023	2022
Audit fees	174	154
Total	**174**	**154**

Parent Company	2023	2022
Audit fees	77	42
Total	**77**	**42**

2.5. APPROPRIATIONS

Parent Company	2023	2022
Group contribution	7 110	1 394

2.6. DIVIDEND INCOME FROM GROUP UNDERTAKINGS

Parent Company	2023	2022
Dividend income from group undertakings	6 917	2 908

2.7. INCOME TAX

Consolidated	2023	2022
Income tax on ordinary items	5667	4 707
Change in deferred tax liability	48	-13
Total	**5715**	**4 694**

Parent Company	2023	2022
Income tax on group contributions	1422	279
Income tax on ordinary items	2632	2 555
Total	**4054**	**2 834**

3. BALANCE SHEET

3.1. INTANGIBLE AND TANGIBLE ASSETS

The notes include the purchase cost for the non-current assets that have not entirely been depreciated by plan. The goodwill in the consolidated Financial Statements is depreciated over a period of 5–10 years from acquisition.

Consolidated	**2023**	**2022**
Acquisition cost 1.1.	153 987	142 543
Increases	28 095	11 606
Decreases	-2 187	-162
Acquisition cost 31.12.	179 894	153 987
Accumulated depreciation 1.1.	-95 979	-87 230
Depreciation for the reporting period	-8 863	-8 811
Accumulated depreciation on reductions	439	61
Accumulated depreciation 31.12.	-104 403	-95 979
Increases	437	437
Book value on 31.12.	75 929	58 445
Balance value of intangible and tangible assets in production	18 240	13 586

Parent Company	2023	2022
Acquisition cost 1.1.	82 623	76 770
Increases	19 347	5 877
Decreases	-76	-25
Acquisition cost 31.12.	101 894	82 623
Accumulated depreciation 1.1.	-51 668	-48 324
Depreciation for the reporting period	-3 400	-3 344
Accumulated depreciation 31.12.	-55 068	-51 668
Increases	437	437
Book value on 31.12.	47 263	31 392
Balance value of intangible and tangible assets in production	6 391	6 359

3.2. INVESTMENTS, PARENT COMPANY

Shares	Group companies	Others	Total
Acquisition cost 1.1.	24 940	287	25 227
Increases	2 236	0	2 236
Decreases	-2 396	0	-2 396
Acquisition cost 31.12.	24 780	287	25 067

3.3. STOCKS

Consolidated	2023	2022
Raw materials and consumables	18 278	11 829
Finished products	2 054	4 705
Purchased products	9 957	9 701
Advances paid	12 542	171
Total	**42 831**	**26 407**

Parent Company	2023	2022
Raw materials and consumables	16 973	10 197
Finished products	421	3 149
Purchased products	3 795	4 005
Advances paid	12 541	171
Total	**33 731**	**17 523**

3.4. CONSOLIDATED COMPANIES

Participation-%	Consolidated	Parent Company
Forcit International Oy Ab	100	100
Forcit Defence	100	100
International Oy Ab *)		
Forcit Sweden AB	100	100
Forcit Norway AS	100	100
Forcit Consulting Oy	100	100
Forcit Consulting AB	100	100

Forcit Consulting AS	100	100
Forcit Ireland Ltd	100	100
O-Pitblast S.A. **)	55	55
Vipnordic AB ***)	50	50

*) The company is part of the group as of 11.5.2023.
**) 45% of the company is sold in January 2023.
***) Ownership of the company rose to 50% from 33.33%.

3.5. CONSOLIDATED RECEIVABLES AND PAYABLES

Parent Company	**2023**	**2022**
Long-term loan receivables	243	243
Trade receivables	7 878	6 082
Loan receivables	75	126
Other receivables*	14 502	8 773
Total receivables	**22 698**	**15 223**
Trade payables	195	38
Other debts*	31 752	12 325
Total payables	**31 947**	**12 363**

*Refers mainly to cash pool arrangements

3.6. CHANGES IN EQUITY

Consolidated	2023	2022
Share Capital 1.1	3 149	3 149
Share Capital 31.12.	**3 149**	**3 149**
Reserve for invested unrestricted equity 1.1	1 501	1 501
Reserve for invested unrestricted equity 31.12	**1 501**	**1 501**
Disposition fund 1.1	34 060	33 183
Profit last year	21 529	6 069
Dividend for last year	-5 034	-3 423
Change in disposition fund	-319	-1 768
Disposition fund 31.12.	**50 236**	**34 060**
Net profit for the period	**20 534**	**21 529**
Total equity	**75 419**	**60 238**

Parent Company	2023	2022
Share Capital 1.1	3 149	3 149
Share Capital 31.12.	**3 149**	**3 149**
Reserve for invested unrestricted equity 1.1	1 501	1 501
Reserve for invested unrestricted equity 31.12	**1 501**	**1 501**

Disposition fund 1.1	28 576	24 510
Profit last year	14 046	7 489
Dividend for last year	-5 034	-3 423
Disposition fund 31.12.	**37 588**	**28 576**
Net profit for the period	**23 069**	**14 046**
Total equity	**65 307**	**47 271**
Distributable free funds in total 31.12.	**62 158**	**44 123**

3.7. APPROPRIATIONS AND DEFERRED TAX LIABILITIES

Accumulated depreciation in excess on plan

Parent Company	2023	2022
Intangible assets		
Intangible rights	751	751
Tangible assets		
Buildings and constructions	4 363	4 284
Machinery and equipment	3 316	3 313
Other tangible assets	1	2
Total	**8 432**	**8 349**

Deferred tax liability

The deferred tax liability from the depreciation in excess on plan and accrual reserve have been separated in the consolidated financial statements

	2023	2022
Consolidated	3 338	3 289

The remaining depreciation difference and accrual reserve have been booked as unrestricted shareholders' equity.

	2023	2022
Consolidated	12 093	12 143

3.8. CURRENT LIABILITIES

The balance sheet item "Loans from financial institutions" also includes use of current account with overdraft facility.

	2023	2022
Consolidated	2 106	2 667
Parent Company	2 106	2 667

3.9. ACCRUED EXPENCES AND ADVANCES RECEIVED

Assets

Consolidated	**2023**	**2022**
Periodic invoices	838	541
Tax refund	16	0
Accrued income according to revenue recognition principles	5 155	0
Other	0	6
Total	**6 009**	**547**

Parent Company	2023	2022
Periodic invoices	285	88
Total	**285**	**88**

Equity and liabilities

Consolidated	2023	2022
Accrued personnel costs	6 175	5 462
Other accruals	3 293	3 289
Reservation for long-term projects	143	0
Interests	33	36
Taxes	3 072	3 072
Total	**12 716**	**11 859**

Parent Company	2023	2022
Accrued personnel costs	3 016	2 432
Other accruals	2 048	1 793
Interests	33	36
Taxes	1 243	1 747
Total	**6 339**	**6 008**

3.10. CONTINGENCIES AND COMMITMENTS

3.10.1. Leasing liabilities

Consolidated	2023	2022
Due during the next reporting period	3 605	3 781
Due later	6 717	7 234

Parent Company	2023	2022
Due during the next reporting period	1 713	1 761
Due later	2 691	3 281

3.10.2. Rental responsibility (for business premises)

	Consolidated	Parent Company
Due for payment during the following accounting period	1 171	234
Due for payment later	1 850	352
Total	**3 021**	**586**

3.10.3 Contingent liability on behalf of group companies

	2023	2022
Consolidated	267	298
Parent Company	267	298

3.10.4. Other contingent liabilities

Consolidated	2023	2022
Contingencies on own behalf	3 736	3 460

Parent Company	2021	2022
Contingencies on own behalf	3 584	3 327

SIGNATURES

Helsinki 13th of March 2024

Lauri Stadigh,
Chairperson of the Board

Joakim Westerlund,
CEO

Hans Karlander

Pasi Tolppanen

Alexander Tallberg

Edoardo Santamaria

Our Auditor’s report has been issued today

Helsinki 13th of March 2024

KPMG Oy Ab
Christian Hällström, APA

AUDITOR'S REPORT

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Oy Forcit Ab (business identity code 0103189-6) for the year ended 31 December 2023. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section* of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the board of directors and the managing director for the financial statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

» Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

» Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.

» Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

» Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company’s or the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

» Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

» Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant

Report on the audit of the financial statements

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 13th of March 2024

KPMG OY AB
CHRISTIAN HÄLLSTRÖM
APA